



MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

**Testimony Concerning HB 298
“Landlord and Tenant - Eviction Actions -
Filing Surcharge and Prohibited Lease Provisions”
Submitted to the House Judiciary Committee
Hearing Date: February 16, 2022**

Position: Favorable

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Maryland Legal Services Corporation requests a favorable report on House Bill 298, enactment of which would increase surcharges on certain court filing fees and direct that funding to the provision of civil legal aid.

MLSC’s mission is to ensure low-income Marylanders have access to stable, efficient and effective civil legal assistance through the distribution of funds to nonprofit legal services organizations. It currently funds 36 organizations to work toward that mission across the entire state. The Maryland General Assembly created MLSC in 1982 to administer the state’s Interest on Lawyer Trust Accounts (IOLTA) program, and since that time MLSC grantees have assisted nearly 3.9 million Marylanders with a wide variety of civil legal needs.

The Maryland General Assembly enacted surcharges as a funding source for MLSC in 1998, and they currently make up MLSC’s largest funding source. However, MLSC’s two of major revenue sources – IOLTA and the surcharges – were significantly reduced by the COVID-19 pandemic due to near zero interest rates and a dramatic decrease in court filings. Court filings have continued to fluctuate in fiscal year 2022, and MLSC current projects filing fee surcharge revenue for FY22 will equal approximately two-thirds of pre-pandemic averages. Even with the increase in Abandoned Property Fund revenue passed by the Maryland General Assembly last year to stave off a funding crisis, MLSC’s total funding from the MLSC Fund has not recovered.

Furthermore, even before the pandemic, legal services providers did not have the capacity to meet all the civil legal needs of Maryland residents facing financial challenges and unable to afford legal help. At a minimum, it is vital that MLSC’s filing fee surcharge revenue remains stable, with the increase in the surcharge amount balancing a potential decrease in the number of filings. Additional funding would translate to additional life-changing legal assistance, improving quality of life for Maryland’s families and communities.

Established nonprofit legal aid providers help low-income Marylanders with a wide range of issues, including eviction and foreclosure; protection from domestic violence and elder abuse; bankruptcy and debt collection; child support and custody; and access to unemployment, health and other benefits. The pandemic has made these issues both more prevalent and more complicated. Having an experienced advocate can make a tremendous difference for a low-income Marylander who, if not for civil legal aid, would be forced to navigate the legal system alone.

Providing more funding will mean Maryland’s civil legal aid delivery system can sustain and potentially expand vital services that affect housing, economic stability, physical safety and more. Not only do these services help people in need, but they also reduce strain on the court system and streamline interactions with state agencies, saving valuable time and funds. In fact, multiple studies have shown that every dollar invested in civil legal services results in a \$6 return in the form of economic activity, cost savings and increased productivity – a total return of hundreds of millions of dollars each year.

MLSC urges favorable consideration of House Bill 298.